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UNCLAS SECTION 01 OF 02 LAGOS 001535

SIPDIS

DEPT FOR DS/ICI/PII, DS/IP/AF, DS/DSS/OSAC, DS/IP/ITA,
DRL/MARINDA HARPOLE
VAIHINGEN FOR J-3-DSS/LNO
CAIRO FOR JAMES MAXSTADT
DOE FOR CAROLYN GAY AND GEORGE PERSON
DOL FOR ILAB/ROBERT YOUNG

E.O. 12958: N/A

TAGS: [ASEC](#) [EPET](#) [ENRG](#) [ECON](#) [CASC](#) [PGOV](#) [PINR](#) [PINS](#) [PTER](#) [NI](#) [XA](#) [XY](#)
SUBJECT: NIGERIA: DELTA KIDNAPPING THREATENS OIL
PRODUCTION AGAIN

1. Summary: A Nigerian white collar worker for Chevron Nigeria Ltd. (subsidiary of Chevron/Texaco) and member of the Petroleum and Natural Gas Senior Staff Association (PENGASSAN) was kidnapped outside his home on July 25 by a rogue group of armed Ijaw youths. The kidnapping is the latest in a series of similar events in the years-long dispute between the Ijaws and the oil companies in the region, including Chevron, over the Ijaws' demands to share in revenues from oil produced on their land. PENGASSAN joined the fray on July 29 by issuing an ultimatum demanding that Chevron effect the release of its member within the next seventy-two hours, or the union will call for a work stoppage that will shut down all of Chevron's operations in the area. The deadline is midnight on Friday, August 1. End Summary.

Trouble, again, in the Delta

2. Chevron officials confirm the July 25 kidnapping of one of its Nigerian Public Affairs officers, who was abducted as he left his home in Warri early that morning. Chevron adds that a note was later sent to its Warri office by the kidnappers demanding a large cash ransom. According to senior Chevron Security Officer Hamish MacDonald, Chevron is determined not to accede to ransom demands for this or any other kidnapped employee, local or expatriate.

Short Term Motives

3. An Ijaw community leader, Doyah Tiemo, told EconOff on July 30 that he had been in contact with the kidnappers and was told that the reasons for the kidnapping were continuing bad relations and lack of communication between the Ijaw community and Chevron. He cited two examples of unresolved disputes between the parties that have been going on for at least the past two years. First, in December, 2002, two rental boats carrying Ijaws from Warri to Chevron's Escravos facility to meet with Chevron officials were seized by State Security personnel and impounded. The boats remain at the Escravos facility at a loss to the Ijaws of 20,000 naira per day (rate 1 USD equals 128 naira) with a cumulative loss to date of close to 4.5 million naira. Second, the Egbema faction of the Ijaws continues to demand that Chevron stop dealing with the former President of the faction. The Egbema claim this man is no longer authorized to represent them, and they accuse him of collusion with Chevron staff to steal monies paid to the Egbema by Chevron for offshore slots. The payments can be between 20,000 and 40,000 naira per day.

Economic impact of continuing instability

4. The simmering tensions between Chevron, PENGASSAN and the Ijaws are about much more than seized boats and tribal factions. Both unions and local communities accuse oil companies operating in the Nigerian Delta of failing to ensure their safety and believe that employers can do more to provide greater security and stability to communities that support the industry. Employers argue that oil companies should not be pressured into assuming a governmental function that extends well beyond their corporate responsibility or objectives. Since the GON receives more than 80 percent of Nigeria's oil revenues, according to Cyril Odu, Exxon Mobil's human resources manager, employers believe the GON is able to improve the quality of life for Nigerians living in the Delta region. However, the government has failed to promote initiatives that might reduce the region's growing security concerns and dependency on the oil sector to resolve the region's social and economic problems.

Long-term consequences

15. PENGASSAN's ultimatum to Chevron/Texaco highlights a trend within the Nigerian labor movement that could have long-term economic implications. Individual unions, particularly those in the oil sector, have become more active in advancing a political agenda that extends outside of the workplace. In response to Nigeria's lack of influential non-governmental organizations equipped to respond to issues facing the general public, oil sector unions are increasingly assuming responsibility to serve as the voice of civil society. However, the lines between labor disputes and social concerns are blurring and unions are beginning to use industrial action as a way to resolve issues unrelated to the workplace. In this case, PENGASSAN hopes to pressure Chevron on the larger issue of worker safety for Nigerians as well as expats. Responsible Ijaw leaders are treating this incident as a criminal matter (septel). However, PENGASSAN is using it to promote a much larger agenda: that of the same safety concerns for Nigerian oil workers that expatriates are given.

16. Comment. The big picture is that oil unions are using their size and influence to shape the GON and private sector's role in resolving the Delta's ongoing communal crisis. As oil unions become more active in these issues, workplace concerns have become obscured. Prior to the recent gas price hike, for example, the oil unions were negotiating resolution of a dispute regarding safety concerns related to employee-provided transportation to off-shore oil rigs. Tensions resulted in a standoff between American-owned Transocean and approximately one hundred oil workers who held 68 expatriates hostage for several days. However, the safety issue at the core of the matter remains overshadowed and unresolved.

17. Comment continued. In addition to safe transportation to oil rigs, salary increases for civil servants, and the oil sector's use of contract labor, other labor issues remain unresolved and are boiling beneath the surface. The ultimatum issued by PENGASSAN underscores the labor movement's inability to separate its civic responsibility from its labor interests. As unions continue to exercise their right to strike in response to conflicts between the companies and the communities, employers will likely experience more frequent strikes and threats of industrial action. The resulting disruptions to production and the increased climate of instability will diminish the nation's ability to attract investment and create much-needed jobs.
HINSON-JONES